

# tyler

## Tyler - INCODE Solution Implementation Consultant Incentive Plan

### I. Purpose

The purpose of the Plan is to provide an incentive for Implementation Consultants (IC) to provide billable service to clients and reward them for:

- The time and effort involved in traveling to customer sites and
- Their accumulated time and experience in the INCODE product and implementation process

### II. Eligibility

IC's who travel as a regular part of their job and have completed the new employee training are eligible to participate in the plan.

### III. Payment of Production Bonus

The Production Bonus (PB) is calculated every two weeks and paid with the regular payroll run every two weeks. Deductions will be taken for Taxes, FICA, Medicare, and 401(k). Deductions will not be taken for the Employee Stock Purchase Plan and Health, Dental and Vision benefits.

### IV. Calculation of Production Bonus

The plan is a calculation that determines the entire total pay for the employee for a calendar year. The calculation starts over each January 1. It is determined by several factors, listed below, but can best be described as a production calculation.

In Summary, each pay period your YTD billable time is annualized and processed through the production calculation. The production calculation considers the factors listed below and determines an estimated annualized production pay amount (PPA). During this same pay period, your YTD compensation, which includes your base salary along with any production bonuses paid, is annualized to determine an estimated annualized annual salary (AS). The production calculation then compares the annualized production pay amount to the annualized annual salary. If the production pay amount is greater, then the production calculation determines the production bonus (PB) to be paid for the current pay period ( $PPA - AS = PB$ ). If the production amount is lesser, then you will be paid your normal base salary amount.

**Note:** The production bonus payment, if available, is based on the calculation for the previous 2 week period, so it is always 1 pay period delayed. This allows the administrative staff the time needed to calculate the production payment due.

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## V. Elements of the Production Bonus

The total calculation is based on 3 elements.

- 1) A calculated amount based on billable hours.
- 2) An amount calculated to pay for holidays, personal time off, and project time (non-billable time in the office).
- 3) A calculated amount based on travel time and longevity with Tyler

### Element 1

This element is calculated every two weeks using annualized totals. It is based on billable hours year-to-date with the latest two weeks added in. It is a simple mathematical calculation with one element that is determined by management. The Knowledge Factor is a multiplier in the formula, and is assigned based on each employee's level of knowledge of our products and services. It is evaluated quarterly, but may be adjusted at any time.

The 4 columns represent the 4 possible times that your know knowledge rating may change. If your knowledge rating changes the change is effective for that portion of the year. Ex: If you had a knowledge rating of 80% in Q1 and then in Q2 it was increased to 82%, you would be paid at 80% for 1 quarter and 82% for 3 quarters.

The line items in this element pay a different rate based on the annualized number of billable days and based on the level of consultant. See table below.

### Exhibit 1

	# Days billed	Rate/Day for IC	Rate/Day for Sr IC	Rate/Day for Principal IC
First hundred days	100	210.00	230.00	270.00
Next fifty days	150	285.00	305.00	345.00
Next fifty days	200	375.00	395.00	435.00
Remaining days over 200	Over 200	450.00	470.00	510.00

If a Sr. IC had 205 annualized billable days, the calculation would be as follows:

### Exhibit 2

Number days training between 1 and 100	100.00
Mult by: Bonus Per Day	230.00
	23,000.00
Plus: Number days training between 100 and 150	50.00
Mult by: Bonus Per Day	305.00
	15,250.00
Plus: Number days training between 150 and 200	50.00
Mult by: Bonus Per Day	395.00
	19,750.00
Plus: Number days training over 200	5.00
Mult by: Bonus Per Day	470.00
	2,350.00
Plus: Training center days	0.00

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Mult by: Bonus Per Day	100.00
Mult By: Knowledge/Capability Rating	0.00
<b>TRAINING PAY</b>	<b>85%</b>
	<b>51,298</b>

### Element 2

This element is calculated by adding up the holidays and personal time off and multiplying the total annualized days to the average daily rate of the training pay calculation. The average daily rate is calculated by dividing the annualized training pay (before applying the knowledge rating) by the annualized billable days. Using Exhibit 2 as the example, the annualized training pay would be \$60,350 then divide that by the 205 annualized billable days to calculate a \$294.39 average daily rate. The average daily rate is then multiplied by the total holidays and personal time off. Project time pay is calculated by taking the average daily rate and dividing it by 2 to come up with the project time daily rate. Then, multiply the annualized project days by the project time daily rate to come up with the project time pay. The Leave and Project Time totals are then added together and then the knowledge rating is applied.

If a Sr IC had 22 totals days for holidays and personal time off and 30 days of project time, the calculation would be as follows:

### Exhibit 3

<b>LEAVE AND PROJECT TIME CALCULATION</b>		
Plus:	Personal Leave/Sick Days/Vacation	15.00
	Holidays	7.00
		<hr/>
Mult By:	Average Daily Training Rate	22.00
		294.39
		<hr/>
Mult By:	Non billable project days	6,476.59
	Project Time Daily Rate	30.00
		<hr/>
Mult By:	Knowledge/Capability Rating	147.20
	<b>LEAVE &amp; PROJECT PAY</b>	<b>4,415.85</b>
		<hr/>
		85%
		<hr/>
		<b>9,259</b>

### Element 3

This element compensates for travel time and longevity with Tyler.

Travel time is considered actual time traveling. If you are traveling on a plane or in a car, then that time is considered travel time. If you fly out Sunday and spend the night, the travel time is the only travel time that should be entered. Travel time should not be entered for over night time. Basically, it's the time from when you leave your home until you arrive at the client site or to the hotel. Travel time is annualized and paid out at \$10 per hour.

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Longevity pay is calculated by multiplying the number of years you have been with Tyler by \$1,500.

If a Sr IC logged 500 hours (62.50 days) of travel time and has been with Tyler for 6 years, the calculation would be as follows:

#### Exhibit 4

<b>LONGEVITY AND TRAVEL CALCULATION</b>		
Travel Days		62.50
Mult by: \$10/hr or \$80/day		80.00
		5,000.00
Plus: Years with INCODE		6.00
Mult by: Additional pay per year wth INCODE		1,500.00
		9,000.00
<b>TOTAL LONGEVITY AND TRAVEL PAY</b>		<b>14,000</b>

The remainder of the calculation figures out how much should be paid (or not paid) in a bonus during this bi-weekly pay period. The total amount in the 3 elements along with a set base amount of \$10,000 is annualized to determine a calculated annualized production pay amount (PPA). The annualized salary from payroll (AS) is then subtracted from the annualized production pay amount (PPA) to determine the production bonus (PB) i.e. PPA – AS = PB.

#### VI. General

IC's may enroll in this plan based on eligibility. Participants may participate in only one plan per plan year. A plan year is considered January through December.

IC's will be paid \$20/mth for cell phone usage.

Effective Date for this Plan: 01Jan07